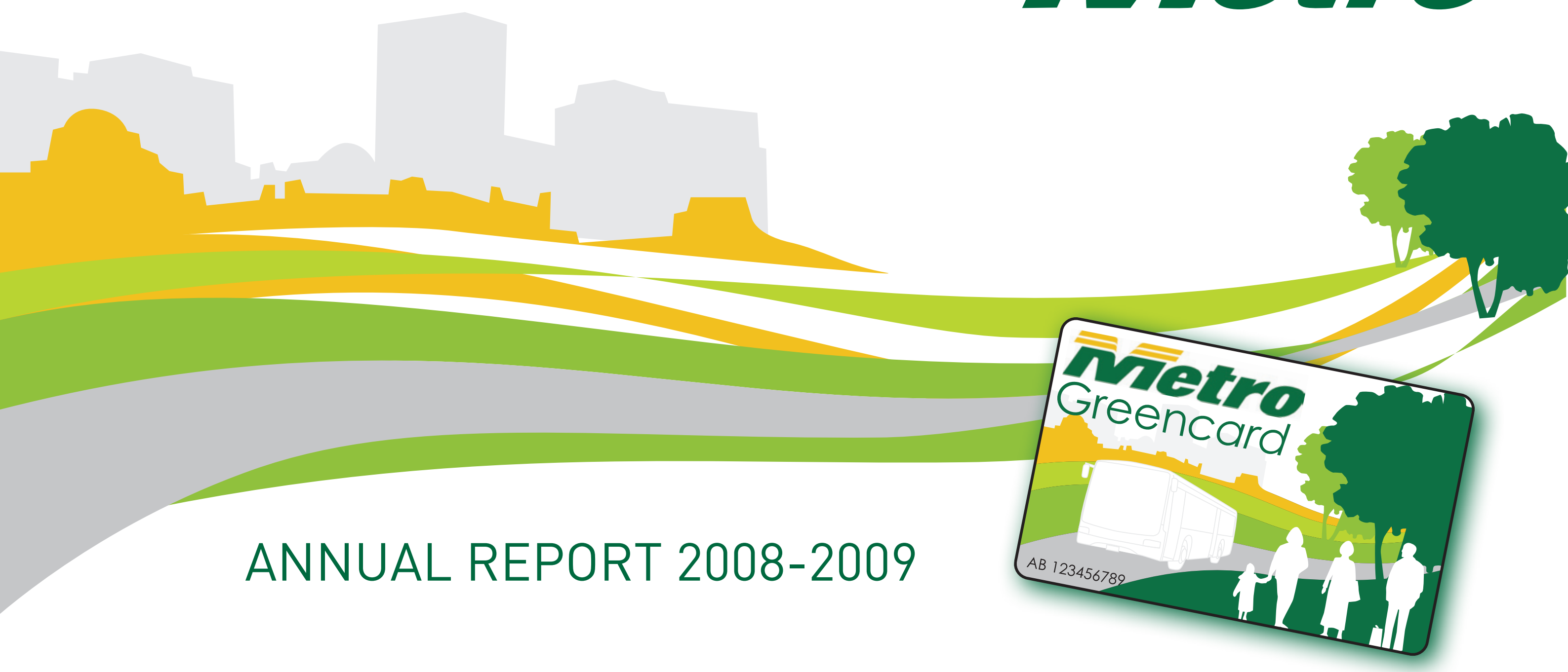

ANNUAL REPORT 2008-2009

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Introduction

The principal objective of Metro Tasmania Pty Ltd is defined in the Metro Tasmania Act, 1997. It is:

> **"To provide, road passenger transport services in Tasmania and to operate those services in a manner consistent with sound commercial practice."**

This legislation was enacted in February 1998 and established Metro Tasmania Pty Ltd as a State Owned Company operating under Corporations Law.

Metro Tasmania Pty Ltd has evolved from the former Metropolitan Transport Trust (MTT), which itself was formed in 1954 by the transfer of urban public transport services operated by the Hobart and Launceston City Councils to the Tasmanian Government. In 1959, MTT extended its operations to include urban bus services within the Burnie Municipality.

Metro provides a broad range of urban passenger transport bus services within Hobart, Launceston and Burnie. Metro also operates a number of non-urban services delivered under individual route contracts. These services are specified within service contracts between Metro and the Transport Commission located in the Department of Infrastructure, Energy and Resources (on behalf of the State Government). Full details of the general route services and special student services provided by Metro can be obtained from Metro's website at www.metrotas.com.au.

Metro also provides a range of local and statewide charter services, as well as special event and community services (such as for the Hobart Show).

In its Corporate Plan Metro has identified its vision as achieving excellence in passenger transport services and its mission as providing safe, reliable and quality road passenger transport services.

Metro's Corporate Plan also sets out the Goals, Targets and Strategic Actions that Metro will be pursuing over the next three years in pursuit of its vision.

Metro is the registered trading name of Metro Tasmania Pty Ltd.

Principal Offices

Hobart

Address	Head Office 212-220 Main Road, Moonah, TAS
Postal Address	PO Box 61, Moonah, TAS, 7009
Telephone	(03) 6233 4232
Facsimile	(03) 6272 8770

Launceston

Address	168 Wellington Street, Launceston, TAS
Postal Address	PO Box 578, Launceston, TAS, 7250
Telephone	(03) 6336 5888
Facsimile	(03) 6336 5899

Burnie

Address	28 Strahan Street, Burnie, TAS
Postal Address	PO Box 182, Burnie, TAS, 7320
Telephone	(03) 6431 3822
Facsimile	(03) 6431 9336

Other contacts

E-mail	correspondence@metrotas.com.au
Website	www.metrotas.com.au
The Metro Shop	Hobart GPO Elizabeth Street Bus Station Hobart, TAS, 7000

Company Directory

Nature of Business	Provision of bus passenger transport services
Issued Capital	Two shares of $1.00 each
Registered Office	212 – 220 Main Road Moonah, TAS, 7009
ABN	30 081 467 281
Shareholders	Crown of Tasmania
Bankers	Commonwealth Bank of Australia 81 Elizabeth Street Hobart, TAS, 7000
Auditor	Auditor – General Tasmanian Audit Office 144 – 148 Macquarie Street Hobart, TAS, 7000

Directors

Chairperson	Sally Denny (to 25 April 2009) Michael Wisby acting (from 26 April 2009)
Deputy Chairperson	Michael Wisby (to 25 April 2009) Tracy Matthews acting (from 26 April 2009)
Directors	Robert Flanagan Robert Pearce (to 8 July 2009) Lynn Mason Tracy Matthews

Senior Managers

Chief Executive Officer	Tony Sim (to 30 June 2009) Heather Haselgrove (from 1 July 2009)
Group Manager Operations and Engineering	Jeff Dallas (to 14 June 2009) Ian Ward acting (from 15 June 2009)
Chief Financial Officer and Company Secretary	Anita Robertson
Executive Manager Business Development	Nicole Brigg
Manager Human Resources	Alison Ball

Chairperson's Review

Metro undertook significant capital expenditure during the year on buses and the smart card ticketing system. This resulted in a reduction in investments and interest revenue together with an increase in depreciation expenditure contributing to the loss of $511,000 before income tax and $146,000 after income tax.

Overall patronage increased by 1.3% in 2008/09 compared to the previous financial year.

Metro signed new contracts for its urban and non-urban services with the Department of Infrastructure, Energy and Resources (DIER) in December 2008. Discussions between Metro and the Department continued through this year regarding the implementation of these contracts.

As part of DIER's review of Tasmanian bus services, Metro was asked to take over routes within Metro contract areas that were previously delivered by private operators. As a result, Metro added 26 school bus routes to its services commencing at the beginning of the 2009 school year.

Metro provided information to the Government Prices Oversight Commission (GPOC) regarding its investigation of Metro's pricing policies and to recommend maximum prices for the next five years. A new GPOC fares order was released in July 2009.

In January 2009 Metro Chief Executive Officer Tony Sim announced he would not be seeking reappointment at the end of the 2008/09 financial year.

Appointed Chief Executive Officer of Metro in 2005, Tony joined the former Metropolitan Transport Trust in 1980 as a mechanical engineer. In 1990 he moved to the Department of Transport, managing vehicle standards, before returning to Metro as the Group Manager Operations and Engineering in 1993.

I thank Tony for his important contribution to the organisation, both during his tenure as Chief Executive Officer and prior to this appointment, and wish him well as he pursues other opportunities.

Metro has appointed Ms Heather Haselgrove to the position of Chief Executive Officer from 1 July 2009.

Heather comes to Metro from the South Australian Department for Transport, Energy and Infrastructure where she held the position of Director, Customer Service, Public Transport Division.

She has held various senior positions within the Department over the past 11 years, in a variety of areas including contracting and delivery of passenger transport services, policy and planning, service planning, marketing and customer information including operation of the customer information call centre and shopfront, finance and human resources.

The Board is confident Heather's depth of public transport experience will be extremely beneficial to the future operations of Metro.

Towards the end of the financial year, Chairperson Sally Denny retired from the Metro Board after 12 years as a Director and nine years as Chairperson.

Sally's contribution to the ongoing development of Metro has been significant, demonstrating strong leadership through both good and difficult times. In particular, her corporate governance and general management experience were invaluable to the Board during her tenure.

Importantly, she mentored those new to the Metro Board and at all times was a strong advocate for the Company, its Board and its employees.

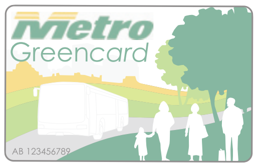
Sadly, Metro lost senior manager Jeff Dallas when he passed away unexpectedly on 14 June 2009. Jeff, who joined Metro in 2006 as Group Manager Operations and Engineering, was a highly respected and popular member of the management team. His contribution to the organisation in his relatively short time was significant. His leadership, support and friendship will be greatly missed.

In closing I would like to thank my fellow Directors, the management team and all of our employees for their important contributions and hard work during the 12 months covered by this report.

As Acting Chairperson, the Chief Executive Officer and I regularly met with the Minister responsible for Metro. I would therefore like to also thank Minister Graeme Sturges for his support of Metro and passenger transport in general.

Michael Wisby

Acting Chairperson



Chief Executive Officer's Review

During 2008/09 Metro continued reviewing the services it provides which identified the need to adjust some routes and focus on areas with stronger patronage demand. The reviews also identified the need to make some routes more direct to improve passengers' journey times.

The Department of Infrastructure, Energy and Resources (DIER) has set service standards which require Metro to plan routes so that 90 per cent of residents are located within 500 metres of a route during peak periods and within 1,000 metres during off-peak periods. During 2008/09 Metro has designed and implemented a number of changes to its services to move towards meeting these standards.

On Hobart's eastern shore, Metro introduced new routes and timetables which feature more direct routes, more regularly timetabled services and a high frequency corridor between Hobart and Rosny Park. These service changes were implemented after a detailed 12-month review of services on the eastern shore between Risdon Vale and Lauderdale. The review included extensive community consultation.

The review was the first Metro had undertaken on the eastern shore for many years. It revealed a trend of declining patronage and inefficient and complex bus routes that no longer met the community's travel needs.

Also in Hobart, Metro introduced a new high frequency service travelling between the city and the University of Tasmania to cater for students and staff. Route 888 provides a fast journey from the city to the University and is provided using two buses with a very distinctive livery featuring the lion taken from the University's crest.

The new University service was one of a number of changes introduced at the time, other changes were additional services to Mount Nelson, Tolmans Hill and Dynnyrne Monday to Friday, and additional services on weekdays and weekends for Kingston, Blackmans Bay, Taroona and Channel.

The simple aim is to get more people travelling on Metro buses.

Over the 12 months to 30 June 2009, Metro has grown urban patronage by 1.3% with 8,454,000 first boardings and 10,034,000 passenger trips. The growth occurred in all areas – 1.3% in Hobart, 1% in Launceston and 3.5% in Burnie. This growth is pleasing and Metro will pursue further growth on its services during the coming 12 months. Full fare patronage increased by 0.4% and adult concession by 4.3% while child/student patronage decreased by 0.6%.

Patronage on regional services in the Channel grew by 19.4% driven by a student patronage increase of 46.2% as a result of new school services undertaken from February 2009. Patronage declined by 12.9% on the Bothwell service.

In 2008/09 Metro acquired 18 new buses with low emission engines, 12 of which feature new technology Euro 5 diesel engines. The Euro 5 buses have been introduced into service by Metro ahead of the time required by the Australian Design Rules.

Two of the buses feature all over livery incorporating climate change messages from bus manufacturer Scania and the Tasmanian Climate Change Office. The bus livery was designed to be eye-catching and a reminder to encourage the use of passenger transport to combat carbon emissions.

Driver and passenger safety is of critical importance to Metro – the company's overall objective has always been the provision of high quality bus services that are safe, reliable and accessible to the Tasmanian community.

Metro, working with Launceston and Clarence City Councils, successfully applied for Federal Government funding under the National Community Crime Prevention Program to install CCTV facilities at bus malls, key bus stops and on Metro buses.

This financial year buses were fitted with internal and external CCTV cameras. The stored vision is downloaded via a wireless system every time the bus returns to the Metro depot. It is hoped that the installation of the cameras and the monitoring of the vision will encourage more people to travel on Metro buses because they feel safer.

This year DIER commenced a six month trial of a bus priority lane on the Hobart Southern Outlet – the first measure of its type to be trialled in Tasmania.

One of the expected outcomes of the trial is that the inward journey from Kingston and Blackmans Bay to Hobart via the bus priority lane will reduce travel time. Preliminary feedback to date has confirmed this to be the case.

The trial was a new initiative designed to grow patronage by making public transport more attractive to passengers by reducing the journey time. There is the additional benefit of reducing greenhouse gas emissions when people leave their cars at home and travel on passenger transport.

Metro will continue to work closely with the Tasmanian Government and other interested parties to promote public transport as an efficient and environmentally sustainable way for people to live, work and play in their community.

Metro commenced upgrading its ageing ticketing equipment, launching its new state-of-the-art smart card system in Burnie in March this year.

The new system, which will make travelling on Metro buses easier, includes a credit card-sized smart card, the Metro Green*card*, that is read electronically in a fraction of a second, assisting passengers to board buses more easily and quickly. The card contains an electronic 'purse' that can be added to in a number of ways. The cost of the trip is deducted from the card's 'purse' whenever a passenger travels on a Metro bus.

While the introduction of a new system in Burnie created some minor technical issues, it was well received. The Green*card* ticketing system will be introduced in Launceston in August and Hobart in September 2009.

Green*card* has been a significant investment by Metro and is the first step to the start of what will be a new era in passenger transport in Tasmania.

In August Metro launched a new web site that features new timetable information and map formats, plus a function for passengers to find their nearest bus stop.

As noted in previous annual reports, occupational health and safety continues to be a priority area for Metro. Metro reports and records all injuries, no matter how minor.

This financial year the Lost Time Injury Frequency Rate (lost times greater than one shift multiplied by one million and divided by total number of hours worked) was 47 compared to 43 last year.

The annual severity rate of injuries (number of days lost multiplied by one million and divided by the total number of hours worked) was 161 compared to 208 in 2007/08.

In the second half of 2008/09 Metro and the Tasmanian Branch of the Rail, Tram and Bus Union signed a two-year Enterprise Bargaining Agreement.

During discussions with drivers Metro was mindful of the economic environment, both here in Tasmania and interstate, and the need to maintain employment. At the same time Metro was aware of the contribution of its employees to the business and their cost of living.

At the end of the 2008 calendar year, Metro made a commercial decision and sold its contract to operate the New Norfolk to Hobart bus service to O'Driscoll Coaches. O'Driscoll Coaches commenced the delivery of the timetabled service on 27 December 2008, the first day of service after the Christmas break.

Metro manages a small portfolio of sponsorship agreements and partnerships with a number of community-based organisations.

Our sponsorship agreements are closely aligned to raising awareness of passenger transport within key stakeholder groups. The focus continues to be on long-term support and loyalty.

Metro regards itself as a good and responsible corporate citizen, undertaking a range of activities that support worthwhile community projects and events.

During 2008/09, Metro sponsored the following:

- Neighbourhood Watch Tasmania Inc
- Junior Netball
- Point to Pinnacle run
- Police Citizen and Youth Club
- Hobart Christmas Pageant
- CANTEEN
- Road Safety Task Force
- Seniors' Week
- Holyoake
- Colony 47
- Hobart Summer Festival
- Lions Club
- ABC Giving Tree
- Companion Card
- Drug Education Network
- Climate Change Office Tasmania
- Variety Tasmania
- Cancer Council Of Tasmania

Heather Haselgrove

Chief Executive Officer

Passenger Levels

Trips or First Boardings

During 2008/09 patronage increased by 1.3% statewide with a 0.4% increase in full fare paying adults, 4.3% increase in concession holders and 0.6 decrease in child/student travel. Patronage by students travelling to school free fell by 0.9% with patronage by fare paying child/student passengers decreased by 0.5%.

Table 1 - First Boardings by Passenger Category – Urban Services

Passenger Category	Number of Trips		% Composition		Increase (Decrease) to Previous Year
	2007/08	2008/09	2007/08	2008/09	
	000's	000's	%	%	%
Full Fare	1,988	1,995	23.8	23.6	0.4
Concession	2,949	3,075	35.3	36.4	4.3
Child / Student	3,406	3,385	40.9	40.0	(0.6)
Total	**8,343**	**8,455**	**100.0**	**100.0**	**1.3**

In Hobart, patronage increased by 1.3% which was made up by a 4.2% increase in trips by concession holders, 1.6% increase by full fare paying adults and a reduction of 1.8% in child/student trips.

In Launceston, patronage increased by 1.0%, with a 7.7% increase in concession patronage offsetting falls in full fare paying adults (-8.4%) and child/student patronage (-0.8%).

In Burnie, patronage increased by 3.5%, with a 12.9% increase in child/student patronage being offset by a reduction in concession patronage (-5.6%) and a reduction in full fare paying adults (-8.3%).

Patronage on the non-urban services on the Channel grew in 2008/09 by 19.4% with an increase of 46.2% in student patronage. This large increase in Channel student patronage was due to the Department of Infrastructure, Energy and Resources allocating additional school services to Metro from February 2009.

Patronage on the non-urban services to Bothwell declined by 12.9%, with all passenger categories falling.

Total Boardings

Total boardings on urban services, including transfers and charter services, grew by 358,000 in 2008/09. Total boardings on non-urban services fell by just over 22,000.

Table 2 – Total Passenger Trips (including transfers and charter services)

Year	Hobart	Launceston	Burnie	Total Urban	Non-Urban(ii)
1998/99	7,165,000	1,855,000	548,000	9,568,000	
1999/00	7,056,000	1,807,000	516,000	9,379,000	
2000/01	7,167,000	1,950,000	509,000	9,626,000	
2001/02	7,191,000	1,903,000	532,000	9,626,000	
2002/03	7,177,000	1,819,000	546,000	9,542,000	
2003/04	7,243,000	1,847,000	530,000	9,620,000	
2004/05	7,159,000	1,794,000	502,000	9,455,000	
2004/05(i)	7,579,000	1,794,000	502,000	9,875,500	149,143
2005/06(i)	7,641,000	1,770,900	500,000	9,911,000	149,217
2006/07(i)	7,668,000	1,766,000	511,000	9,945,000	145,114
2007/08(i)	7,448,000	1,733,000	494,000	9,676,000	130,536
2008/09(i)	7,719,000	1,796,000	519,000	10,034,000	108,150

(i) Includes patronage associated with Kingston and Blackmans Bay services. Prior to 2004/05 patronage to Kingston and Blackmans Bay was included with Non-Urban services.

(ii) Non-Urban services include Channel, Bothwell, New Norfolk (to December 2008) and Richmond (to February 2007).

Use of Prepaid Tickets

Since 1998/99, there has been an increase in passengers using prepaid tickets for full fare paying adults and concession holders. Full fare trips using prepaid tickets has increased from 31.9% to 40.6% and with trips by concession holders using a prepaid ticket increasing from 22.1% to 29.6%.

On the other hand, over the same period, Metro's student/child fare has been fixed since 1996. As a consequence, there has been a gradual decline in the proportion of child/student passengers using prepaid tickets, with this figure falling from 62.8% in 1998/99 to 39.1% in 2008/09.

Table 3 – Trends in Urban Prepaid Ticket Use as a Percentage of First Boardings for Different Passenger Categories

Year	Adult Full Fare %	Adult Concession %	Child/Student(ii) %	Total All Categories(i) %
1998/99	31.9	22.1	62.8	49.9
1999/00	32.0	20.7	63.0	48.6
2000/01	33.3	20.2	62.2	47.7
2001/02	33.3	20.2	60.7	46.4
2002/03	34.0	20.0	59.5	46.2
2003/04	34.5	20.3	58.2	46.6
2004/05	34.3	22.4	55.2	46.8
2004/05(iii)	35.3	22.4	53.2	46.2
2005/06(iii)	36.4	22.6	50.2	45.8
2006/07(iii)	38.8	23.1	48.0	45.6
2007/08(iii)	39.7	26.5	44.6	45.1
2008/09(iii)	40.6	29.6	39.1	44.7

(i) Total All Categories - free trips made by eligible school children are included as "prepaids".

(ii) Child / Student statistics exclude free school trips.

(iii) Includes patronage associated with Kingston and Blackmans Bay services. Prior to 2004/05 patronage to Kingston and Blackmans Bay has been excluded.

Metro Fleet and Workforce

Metro now operates accessible buses in all centres. Table 4 shows the proportion of the fleet that is accessible, as well as the proportion of general route services that are delivered by accessible buses in each centre.

Table 4 – Percentage of Metro(i) General Route Services Delivered by Accessible Buses (as at 30 June 2009)

	Hobart	Launceston	Burnie	State
% Fleet Accessible	32.5%	19.6%	25.0%	29.0%
% Weekly Services(ii)	42.4%	39.3%	45.5%	42.1%

(i) Includes services for Kingston and Blackmans Bay, and the combined Urban plus Non-Urban fleets.

(ii) This is the percentage of services operated with an accessible bus, not the percentage advertised as accessible. The percentage may fall on a given day if a number of accessible buses are not available for some reason.

Table 5 – Number of Buses in Service (as at 30 June 2009)

	Metro Fleet			
	Hobart (Urban and Non-Urban)	Launceston	Burnie	Total
M.A.N.	8	3	3	14
Scania	77	38	9	124
Scania Low Floor (12.5m)	46	10	4	60
Scania Low Floor (14.5m)	4	-	-	4
Volvo Articulated	19	-	-	19
Totals	**154**	**51**	**16**	**221**
Special Bus Features:				
Accessible Buses	50	10	4	64
Video Surveillance	136	43	13	192
Air Conditioned	38	3	-	41

Table 6 – Metro Workforce and Fleet Utilisation Statistics

	2007/08	2008/09
Average FTE's per vehicle	1.91	1.83
Sick leave days per full time equivalent employee	7.1	7.9
Number of workers' compensation lost time injury claims	32	27
Number of full-time equivalent employees at 30 June	392	415
Number of employees at 30 June	448	459
Number of employees entering service	47	63
Number of employees leaving service	53	52

Web Site

The Metro website (www.metrotas.com.au) provides a wide range of information to passengers on both its urban and non-urban services. Information includes:

- Timetables and maps
- Nearest bus stop locator
- Fares
- Daily updates on changes to services
- Green*card* ticketing system including card registration and FAQ's.

Metro is investigating the addition of a journey planner and real time information for passengers.

Public Interest Disclosures

Metro is required to establish procedures for the disclosure and investigation of improper conduct or detrimental action. These procedures are accessible via Metro's web site. No disclosures were made to or about Metro during the financial year.

Directors' Report

The Directors of Metro Tasmania Pty Ltd present the annual financial report for the year ended 30 June 2009.

Principal Activities

Metro's principal activity during the financial year was the provision of bus passenger transport services in the Tasmanian urban centres of Hobart, Launceston and Burnie and to some non-urban centres around Hobart and Burnie.

Review of Operations

For the year ended 30 June 2009, Metro recorded a loss before income tax of $511,000 (2008: loss of $300,000) and a loss after tax of $146,000 (2008: loss of $259,000).

A detailed review of operations is contained in the Chairperson's Review and in the Chief Executive Officer's Review.

Dividends

The Directors do not recommend payment of a dividend this year. No dividend was paid for the year ended 30 June 2008.

Changes in State of Affairs

There were no significant changes in the state of affairs of Metro that occurred during the financial year under review.

Superannuation Declaration

Metro has met its obligations under the Superannuation Guarantee (Administration) Act 1992 in respect to those employees who are members of a complying superannuation scheme to which Metro contributes. The company also has a defined benefit scheme, under the Retirement Benefits Act 1993, which is subject to actuarial valuations and covers current and former employees.

Subsequent Events

There has not been any matter or circumstance other than that referred to in the Financial Statements or Notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Likely Future Developments

Metro will continue to pursue its mission of providing safe, reliable and quality road passenger transport services. This will require further capital expenditures on new buses, route infrastructure and support facilities. In addition, Metro will continue to implement its recently developed environmental strategy including use of alternative fuels.

Metro is continuing to negotiate with the Department of Infrastructure, Energy and Resources a sustainable contract which will provide appropriate contract payments for operating expenditure and capital replacement. If a satisfactory outcome is not achieved then Metro will face considerable financial pressures including significant operational losses and a reduced capital expenditure program.

Rounding Off of Amounts

Metro is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in the Directors' report and the financial report have been rounded off to the nearest thousand dollars.

Directors

Names of directors in office during and since the end of the financial year are set out in Note 20 of the Financial Statements. Directors are appointed for rolling terms of three years. The Chairperson is appointed annually by the shareholders.

Corporate Governance

The Board of Directors is responsible for the overall corporate governance of the company. Corporate governance is the system by which the activities of a company are controlled and coordinated in order for the company to achieve its desired outcomes.

As a State Owned Company the Board is responsible to its shareholders, the Minister for Infrastructure and the Treasurer in meeting the aspirations of the State Government and the Board directs management accordingly.

The Board performs this role by:

- Appointing and monitoring the performance of the Chief Executive Officer;
- Clearly identifying and enunciating the strategic direction for Metro;
- Identifying and addressing the principal risks for Metro;
- Monitoring the conduct and performance of the company through an integrated framework of controls;
- Ensuring all Metro's business is conducted in an honest, open and ethical manner; and
- Ensuring adequate succession planning is undertaken.

Directors' Remuneration

Fees paid to Directors are set by the Minister representing the Crown. Details are set out in Note 20 of the Financial Statements.

During the twelve months, no Director has received, or become entitled to receive, a benefit by reason of a contract made by Metro with a Director or with a firm of which he or she is a member or an entity in which he or she has a financial interest.

Remuneration Committee

The Remuneration Committee comprises three non-executive Directors and the Chief Executive Officer. This Committee oversees remuneration practices and policies in relation to Senior Managers and other staff of the company.

Audit and Risk Management Committee

Metro has an Audit Committee, which comprises three Directors and is chaired by the Deputy Chairperson of the Board. The Audit Committee has a documented charter, approved by the Board. The Committee's responsibilities under its charter include consideration and monitoring of matters relating to external reporting, risk management, internal and external audit functions.

Auditor's Independence Declaration

The accounts of the company are independently audited by the Tasmanian Auditor-General. The Auditor-General has provided the Directors with an Independence Declaration as required under section 307C of the Corporations Act 2001.

Indemnification of Directors and Officers

During the financial year Metro paid a premium in respect of a contract insuring the directors of Metro, all executive officers of Metro and its related body corporate against potential liabilities to the extent permitted by Corporations Law.

Signed in accordance with the resolutions of the Directors made pursuant to Section 298 (2) of the Corporations Act 2001 on behalf of the Directors.

Michael Wisby
Acting Chairperson

Dated at Hobart this 13th day of August 2009.

Auditor's Independence Declaration

Tasmanian Audit Office

STRIVE | LEAD | EXCEL | TO MAKE A DIFFERENCE

Ground Floor,
144-148 Macquarie Street
Hobart Tasmania 7000

Postal Address:
GPO Box 851
Hobart Tasmania 7001

Phone: 03 6226 0100
Fax: 03 6226 0199
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

10 August 2009

The Board of Directors
Metro Tasmania
PO Box 61
MOONAH TAS 7009

Dear Board Members

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Metro Tasmania Pty Ltd for the financial year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Pursuant to section 298(1)(c) a copy of this declaration must be included in the Directors' report.

Yours sincerely

E R De Santi
DEPUTY AUDITOR-GENERAL
Delegate of the Auditor-General

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

Making a Difference

Directors' Declaration

In the opinion of the Directors of Metro Tasmania Propriety Limited (the "Company"):

(a) the attached Financial Statements and Notes are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2009 and of its performance, as represented by the results of their operations and its cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Act 2001;* and

(b) there are reasonable grounds to believe that the Company and the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001.*

On behalf of the Directors

Michael Wisby
Acting Chairperson of the Board of Directors

Tracy Matthews
Member of the Board of Directors

Dated at Hobart this 13th day of August 2009.

Independent Audit Report

Tasmanian Audit Office

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INDEPENDENT AUDIT REPORT

To the Members of Metro Tasmania Pty Ltd

Financial Statements for the Year Ended 30 June 2009

Report on the Financial Statements

I have audited the accompanying financial statements of Metro Tasmania Pty Ltd (the Company), which comprise the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration on the consolidated entity comprising the company and the entities it controlled at year end or from time to time during the financial year.

The Responsibility of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001.* This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2a, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. The *Audit Act 2008* further promotes independence by:

- Providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- Mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Metro Tasmania Pty Ltd dated 10 August 2009 and included in the Directors' Report, would be unchanged if provided to the directors as at the date of this audit report.

Auditor's Opinion

In my opinion:

(a) the financial statements of Metro Tasmania Pty Ltd are in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the Metro Tasmania Pty Ltd and consolidated entity's financial position as at 30 June 2009 and of their financial performance for the year ended on that date, and

 (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2a.

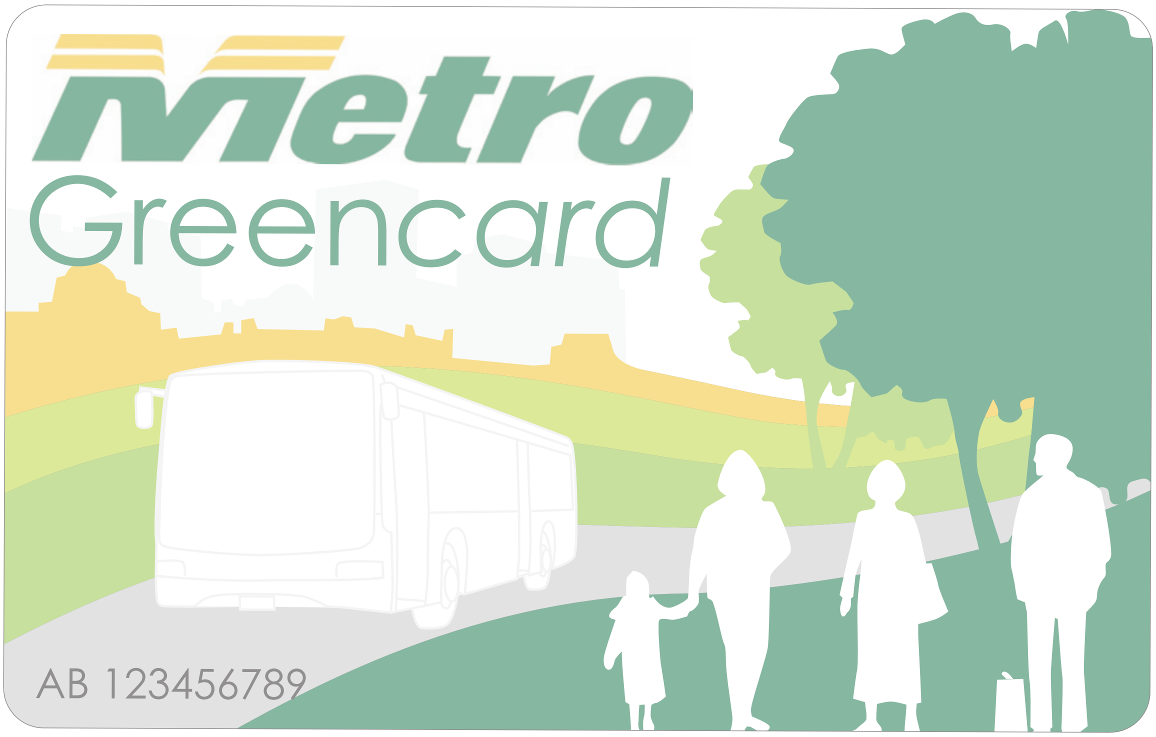
TASMANIAN AUDIT OFFICE

E R De Santi
DEPUTY AUDITOR-GENERAL
Delegate of the Auditor-General

HOBART
13 August 2009

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

Making a Difference



"Greencard has been a significant investment by Metro and is the first step towards a new era in passenger transport in Tasmania."

Balance Sheet

For the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	**4,327**	9,000	**4,327**	9,000
Trade and other receivables	8	**809**	713	**809**	713
Inventories	9	**917**	919	**917**	919
Assets held for sale	10	**511**	861	**511**	861
Other current assets	11	**1,017**	696	**1,017**	696
TOTAL CURRENT ASSETS		**7,581**	12,189	**7,581**	12,189
NON-CURRENT ASSETS					
Property, plant and equipment	12	**45,604**	38,702	**45,604**	38,702
Intangible assets	13	**254**	346	**254**	346
Deferred tax assets	6	**10,201**	9,848	**10,201**	9,848
TOTAL NON-CURRENT ASSETS		**56,059**	48,896	**56,059**	48,896
TOTAL ASSETS		**63,640**	61,085	**63,640**	61,085
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	14	**2,575**	3,649	**2,682**	3,756
Employee benefits	15	**5,306**	8,418	**5,306**	8,418
TOTAL CURRENT LIABILITIES		**7,881**	12,067	**7,988**	12,174
TOTAL NON-CURRENT LIABILITIES					
Employee benefits	15	**18,618**	14,317	**18,618**	14,317
Deferred tax liabilities	6	**5,109**	5,162	**5,109**	5,162
NON-CURRENT LIABILITIES		**23,727**	19,479	**23,727**	19,479
TOTAL LIABILITIES		**31,608**	31,546	**31,715**	31,653
NET ASSETS		**32,032**	29,539	**31,925**	29,432
EQUITY					
Contributed equity	16	**15,503**	15,503	**15,503**	15,503
Asset revaluation reserve	17	**12,587**	10,069	**12,587**	10,069
Retained profits	18	**3,942**	3,967	**3,835**	3,860
TOTAL EQUITY		**32,032**	29,539	**31,925**	29,432

The Balance Sheets are to read in conjunction with the Notes to the Financial Statements.

Income Statement

For the year ended 30 June 2009

	Note	Consolidated		Company	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
REVENUE					
Passenger transport operations	4(a)	**40,015**	38,342	**40,015**	38,342
Other operating income	4(b)	**504**	597	**504**	597
Financial income	4(c)	**315**	925	**315**	925
Non-operating income	4(d)	**780**	-	**780**	-
		41,614	39,864	**41,614**	39,864
EXPENSES					
Passenger transport operations	5(a)	**(31,771)**	(29,930)	**(31,771)**	(29,930)
Engineering and maintenance services	5(b)	**(5,153)**	(5,100)	**(5,153)**	(5,100)
Administration and general	5(c)	**(5,201)**	(5,010)	**(5,201)**	(5,010)
Financial expenses	5(d)	**-**	(124)	**-**	(124)
		(42,125)	(40,164)	**(42,125)**	(40,164)
Profit/(loss) before income tax		**(511)**	(300)	**(511)**	(300)
Income tax(expense)/benefit	6	**365**	41	**365**	41
Profit/(loss) for the year		**(146)**	(259)	**(146)**	(259)

The Income Statements are to be read in conjunction with the Notes to the Financial Statements.

Statement of Recognised Income and Expense

For the year ended 30 June 2009

	Note	Consolidated		Company	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
Defined benefit plan actuarial gains/(losses)	27	**83**	759	**83**	759
Revaluation increment attributable to assets disposed of during the year	18	**13**	-	**13**	-
Income tax on income and expense recognised directly in equity	18	**25**	(228)	**25**	(228)
Income and expense recognised directly in equity		**121**	531	**121**	531
Profit/(loss) for the year		**(146)**	(259)	**(146)**	(259)
Total recognised income and expense for the year		**(25)**	272	**(25)**	272

The Statement of Recognised Income and Expenses are to be read in conjunction with the Notes to the Financial Statements.

Cash Flow Statement

For the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		**43,596**	40,707	**43,596**	40,707
Interest received	4(c)	**315**	925	**315**	925
Cash paid to suppliers and employees		**(41,118)**	(37,215)	**(41,118)**	(37,215)
Interest paid		**-**	(124)	**-**	(124)
Net cash from operating activities	22(a)	**2,793**	4,293	**2,793**	4,293
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**100**	103	**100**	103
Acquisition of property, plant and equipment		**(7,566)**	(6,050)	**(7,566)**	(6,050)
Net cash from (used in) investing activities		**(7,466)**	(5,947)	**(7,466)**	(5,947)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		**-**	(2,792)	**-**	(2,792)
Net cash from (used in) financing activities		**-**	(2,792)	**-**	(2,792)
Net increase/(decrease) in cash and cash equivalents		**(4,673)**	(4,446)	**(4,673)**	(4,446)
Cash and cash equivalents at the beginning of the financial year		**9,000**	13,446	**9,000**	13,446
Cash and cash equivalents at the end of the financial year	22(b), 7	**4,327**	9,000	**4,327**	9,000

The Cash Flow Statements are to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2009

NOTE 1. REPORTING ENTITY

Metro Tasmania Pty Ltd (the "Company") is a Tasmanian State Owned Company domiciled in Australia. The address of the Company's registered office is 212 – 220 Main Road, Moonah, Tasmania. The consolidated Financial Statements as at and for the year ended 30 June 2009 comprise the Company and its subsidiary (together referred to as "Metro").

NOTE 2. BASIS OF PREPARATION

(a) Statement of Compliance

The Financial Statements are a general purpose financial report and have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated and Company Financial Statements comply with the International Financial Reporting Standards (IFRSs) and Interpretations adopted by the International Accounting Standards Board.

The Financial Statements were authorised for issue by the Directors on 13 August 2009.

Impact of New and Revised Accounting Standards

In the current year Metro has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 2008-10 *Amendments to Australian Accounting Standards - Reclassification of Financial Instruments* permits the reclassification of certain non-derivative financial assets. Metro does not intend to reclassify its financial assets in the current period, accordingly there will be no financial impact on the Financial Statements.
- AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31*- The primary focus of this Standard has been on relocating, where necessary, the requirements in AASs 27, 29 and 31, substantively unamended (with some exceptions), into topic-based Standards. The Standard will not have a material financial impact on Metro's Financial Statements.
- AASB Interpretation 14 AASB 119 *the Limit on a Defined Benefit Asset, Minimum Funding Requirements (MFR) and their Interaction*- The Interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements on such assets. It also gives guidance on when a MFR might give rise to a liability. The Interpretation will not have a material financial impact on Metro's Financial Statements.

New Standards and Interpretations not yet adopted

The following Standards and Amendments have been identified as those which may impact Metro in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing these Financial Statements:

- Revised AASB 101 (AASB 2007-8) *Presentation of Financial Statements* introduces as a Financial Statement (formerly "Primary" Statement) the "Statement of Comprehensive Income". The revised Standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised Standard will become mandatory for the 30 June 2010 Financial Statements.
- Revised AASB 127 (AASB 2008-7) *Consolidated and Separate Financial Statements* changes the accounting for investment in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised Standard will become mandatory for the 30 June 2010 Financial Statements.
- Revised AASB 123 (AASB 2007-6) *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The revised Standard will become mandatory for the 30 June 2010 Financial Statements.

(b) Basis of Measurement

These Financial Statements have been prepared on an accrual basis and are based on historical costs and do not take into account changing money values except for land, buildings and buses which are measured at fair value. The accounting policies have been consistently applied, unless otherwise stated.

Notes to the Financial Statements

(c) Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is Metro's functional currency and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated under the option available under ASIC Class Order 98/100.

(d) Use of Estimates and Judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated Financial Statements have been prepared by combining the Financial Statements of all the entities that comprise the economic entity, being Metro Tasmania Pty Ltd (the parent entity) and its controlled entity Metro Coaches (Tas) Pty Ltd. Refer to Note 26. Consistent accounting policies have been employed in the preparation and presentation of the consolidated Financial Statements.

In preparing the consolidated Financial Statements, all inter-company transactions, balances, income and expenses are eliminated in full.

(b) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except for receivables and payables that are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from the ATO, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO.

(c) Revenue

Passenger transport operations revenue

Passenger transport operations revenue is recognised at the time the ticket is purchased.

Financial income

Interest is recognised as it accrues.

Other operating and non-operating income

The net gain (loss) of non-current asset sales are included as income (expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed.

The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and call deposits.

(e) Trade and Other Receivables

Trade and other receivables are recorded at nominal amounts due less any provision for impairment and are recognised on delivery of services to customers. A significant volume of Metro's operations are performed for the State Government or are received as cash fares. Accordingly, exposure to credit risk is minimal. An estimate for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(f) Assets Held for Sale

Assets which satisfy the criteria in AASB 5 'Non- Current Assets Held for Sale' are transferred to current assets and separately disclosed as assets held for sale on the face of the Balance Sheet. These assets are measured at the lower of carrying amount and fair value less costs to sell. These assets cease to be depreciated from the date which they satisfy the held for sale criteria.

(g) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to Metro prior to the end of the financial year which are unpaid. Measurement is based on the agreed purchase/ contract cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Financial instruments

It is not current Metro policy to utilise derivative financial instruments as a means of managing exposure to risks.

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised and classified as set out below:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(i) Inventories

Inventories are valued at the lower of cost or current replacement cost which consists of bus spare parts, fuel and consumable stores.

(j) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment loss with the exception of land, buildings and the bus fleet which are independently valued at fair value.

Assets held for sale within the next twelve months are disclosed as current assets.

Depreciation

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment (excluding freehold land and the bus fleet) as follows:

Buildings	40 years
Route infrastructure	10 years
Other plant and equipment	10 years
Electronic ticketing	10 years
Information technology equipment	4 years
Auxiliary vehicles	4 years

Land is not depreciated.

An independent calculation of freehold land and buildings was performed as at 30 June 2009 by Mr D Saunders B.Ec.Dip.Val.FAPI Valuer of Saunders & Pitt. This valuation was performed on the basis of 'current market value in the existing use'.

The bus fleet is depreciated using the 'Fleet Depreciation Profile' with an effective life of 25 years as recommended by the independent valuer Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (P&M) of Jones Lang LaSalle as at 30 June 2007.

(k) Impairment of Assets

The carrying values of tangible and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may exceed the recoverable amount. The asset is then written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

(l) Intangible Assets

Intangible assets are valued at fair value where an active market exists or recognised at cost where no active market exists.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use as follows:

Licences	4 years
Computer software	4 years

(m) Leases

Lease payments for the operating leases on property where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(n) Employee Benefits

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Discount rates used reflects national government securities that closely match the terms of maturity of the related liabilities.

Notes to the Financial Statements

Compensated benefits

Annual leave

The provision for annual leave represents the amount Metro has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated at the amounts expected to be paid when the liability is settled and includes superannuation on-costs.

Long service leave

The provision for long service leave represents the present value of the estimated future cash outflow to be made by the employer resulting from employees' services provided up to balance date. In determining the liability for employee benefits, account has been taken of future increases in wage and salary rates, and Metro's experience with staff departures. Related superannuation on-costs also have been included in the liability.

Retirement benefits

Defined benefit superannuation plan

The State Actuary has provided actuarial calculations of the current benefit of the defined benefit liability under the Retirement Benefits Fund (RBF) for current and former employees of Metro.

The RBF is a defined benefit fund which pays lump sum and pension benefits to members upon retirement (most of which are calculated as a multiple of the member's final average salary). The RBF has Contributory members, Compulsory preserved members and Pensioners.

Actuarial gains and losses are recognised in full, directly in retained earnings, in the period in which they occur, and presented in the Statement of Recognised Income and Expense. Details are referred to at Note 27.

(o) Provisions

A provision is recognised when there is a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

Dividends

Dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash. No dividend was recommended by the Board prior to the end of the current financial year or previous financial year.

(p) Income Tax

The charge for current tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly into equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that Metro will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(q) Tax Consolidation

The Company and its wholly owned Australian resident entity formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Metro Tasmania Pty Ltd and the subsidiary entity is Metro Coaches (Tas) Pty Ltd.

(r) Segment Reporting

Metro operates bus services in Hobart, Launceston and Burnie. There are no reportable segments as the economic risks and returns in each location are similar given the Community Service Agreement with Government.

NOTE 4. REVENUE	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
(a) Passenger transport operations				
Service contracts	**29,344**	28,041	**29,344**	28,041
Ticket fares	**10,671**	10,301	**10,671**	10,301
	40,015	38,342	**40,015**	38,342
(b) Other operating income				
Profit on disposal of property, plant and equipment	**28**	57	**28**	57
Advertising income	**203**	346	**203**	346
Rental income	**71**	74	**71**	74
Other income	**202**	120	**202**	120
	504	597	**504**	597
(c) Financial income				
Interest income	**315**	925	**315**	925
	315	925	**315**	925
(d) Non-operating income				
Contributions to video systems	**455**	-	**455**	-
Sale of service contracts	**325**	-	**325**	-
	780	-	**780**	-
Total income	**41,614**	39,864	**41,614**	39,864

NOTE 5. EXPENSES	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
(a) Passenger transport operations				
Fuel	**5,004**	5,036	**5,004**	5,036
Employee and related expenses	**21,463**	19,898	**21,463**	19,898
Depreciation and amortisation expenses	**3,086**	2,603	**3,086**	2,603
Other expenses	**2,218**	2,393	**2,218**	2,393
	31,771	29,930	**31,771**	29,930
(b) Engineering and maintenance services				
Maintenance expense	**2,865**	2,967	**2,865**	2,967
Employee and related expenses	**2,218**	1,959	**2,218**	1,959
Depreciation and amortisation expenses	**70**	66	**70**	66
Other expenses	**-**	108	**-**	108
	5,153	5,100	**5,153**	5,100
(c) Administration and general				
Employee and related expenses	**2,690**	2,598	**2,690**	2,598
Depreciation and amortisation expenses	**409**	398	**409**	398
Other expenses	**2,102**	2,014	**2,102**	2,014
	5,201	5,010	**5,201**	5,010
(d) Financial expenses				
Interest interest expense	**-**	124	**-**	124
	-	124	**-**	124
Total expenses	**42,125**	40,164	**42,125**	40,164

Notes to the Financial Statements

NOTE 6. INCOME TAX

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
(a) Income tax expense recognised in the Income Statement				
Current tax expense				
Current tax	**(84)**	-	**(84)**	-
Adjustments for prior years	**6**	-	**6**	-
Deferred tax expense				
Decrease/(increase) in deferred tax asset	**(270)**	(84)	**(270)**	(84)
Increase/(decrease) in deferred tax liability	**(58)**	-	**(58)**	-
Expense on derecognition of tax loss	**-**	43	**-**	43
Less recognised directly in equity	**41**	-	**41**	-
Income tax expense/(benefit)	**(365)**	(41)	**(365)**	(41)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 30% (2008: 30%)	**(153)**	(90)	**(153)**	(90)
Add tax effect of:				
Amortisation of intangibles	**-**	5	**-**	5
Entertainment (non-deductible)	**3**	1	**3**	1
Investment allowance	**(221)**	-	**(221)**	-
Under provision of prior year income tax	**6**	43	**6**	43
	(365)	(41)	**(365)**	(41)
(c) Income tax expense recognised directly to equity				
Property, plant and equipment (Note 17)	**(16)**	(104)	**(16)**	(104)
Superannuation (Note 18)	**(25)**	228	**(25)**	228
	(41)	124	**(41)**	124
(d) Non-current and deferred tax balances				
Assets:				
Deferred tax assets	**10,201**	9,848	**10,201**	9,848
	10,201	9,848	**10,201**	9,848
Liabilities:				
Deferred tax liability	**5,109**	5,162	**5,109**	5,162
	5,109	5,162	**5,109**	5,162
	5,092	4,686	**5,092**	4,686

2009	Consolidated				
	Opening balance 1 July 08 $'000	Prior year Adjustments $'000	Recognised in Income Statement $'000	Recognised in equity $'000	Balance at 30 June 09 $'000
Superannuation	**5,460**	**-**	**250**	**25**	**5,735**
Revenue losses	**2,934**	**(1)**	**84**	**-**	**3,017**
Employee benefits	**1,376**	**-**	**52**	**-**	**1,428**
Provision for impairment	**-**	**-**	**(4)**	**-**	**(4)**
Accrued costs	**39**	**-**	**7**	**-**	**46**
Other provisions	**-**	**-**	**(29)**	**-**	**(24)**
Prepayments	**(67)**	**-**	**1**	**-**	**(66)**
Inventories	**(110)**	**-**	**32**	**-**	**(78)**
Property, plant and equipment	**(4,932)**	**(5)**	**(20)**	**16**	**(4,941)**
Accrued income	**(19)**	**-**	**(2)**	**-**	**(21)**
Total	**4,686**	**(6)**	**371**	**41**	**5,092**

2008	Consolidated				
	Opening balance 1 July 07 $'000	Prior year Adjustments $'000	Recognised in Income Statement $'000	Recognised in equity $'000	Balance at 30 June 08 $'000
Superannuation	5,470	-	218	(228)	5,460
Revenue losses	3,143	(44)	(165)	-	2,934
Employee benefits	1,325	32	19	-	1,376
Accrued costs	36	-	3	-	39
Other provisions	-	-	5	-	5
Prepayments	(64)	-	(3)	-	(67)
Inventories	(87)	(32)	9	-	(110)
Property, plant and equipment	(5,054)	1	17	104	(4,932)
Accrued income	-	-	(19)	-	(19)
Total	4,769	(43)	84	(124)	4,686

	Consolidated		Company	
NOTE 7. CASH AND CASH EQUIVALENTS	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Cash at bank and on hand	**2,105**	1,750	**2,105**	1,750
Call deposit at Tascorp	**2,222**	7,250	**2,222**	7,250
	4,327	9,000	**4,327**	9,000
NOTE 8. TRADE AND OTHER RECEIVABLES				
Trade receivables	**813**	731	**813**	731
Less provision for impairment	**(4)**	(18)	**(4)**	(18)
	809	713	**809**	713

Notes to the Financial Statements

NOTE 9. INVENTORIES

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Inventories	**964**	1,063	**964**	1,063
Less provision for obsolescence	**(47)**	(144)	**(47)**	(144)
	917	919	**917**	919

NOTE 10. ASSETS HELD FOR SALE

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Property, plant and equipment	**511**	861	**511**	861
	511	861	**511**	861

NOTE 11. OTHER CURRENT ASSETS

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Prepayments	**1,017**	696	**1,017**	696
	1,017	696	**1,017**	696

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

(a) Carrying amounts

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Land				
At independent valuation 30 June 2009	**9,280**	7,385	**9,280**	7,385
Total	**9,280**	7,385	**9,280**	7,385
Buildings				
At independent valuation 30 June 2009	**5,520**	4,949	**5,520**	4,949
Less: accumulated depreciation	**-**	(253)	**-**	(253)
Total	**5,520**	4,696	**5,520**	4,696
Total land and buildings	**14,800**	12,081	**14,800**	12,081
Buses				
At independent valuation 30 June 2007	**31,902**	23,672	**31,902**	23,672
Less: accumulated depreciation	**(5,319)**	(2,469)	**(5,319)**	(2,469)
Less: provision for impairment	**20**	81	**20**	81
Total	**26,603**	21,284	**26,603**	21,284
Route infrastructure				
At cost	**2,226**	2,142	**2,226**	2,142
Less: accumulated depreciation	**(1,872)**	(1,803)	**(1,872)**	(1,803)
Total	**354**	339	**354**	339
Office equipment				
At cost	**1,097**	1,003	**1,097**	1,003
Less: accumulated depreciation	**(805)**	(741)	**(805)**	(741)
Total	**292**	262	**292**	262

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Electronic ticketing & communication equipment				
At cost	**3,500**	3,500	**3,500**	3,500
Less: accumulated depreciation	**(3,342)**	(3,314)	**(3,342)**	(3,314)
Total	**158**	186	**158**	186
Plant and equipment				
At cost	**981**	950	**981**	950
Less: accumulated depreciation	**(736)**	(698)	**(736)**	(698)
Total	**245**	252	**245**	252
Auxiliary vehicles				
At cost	**513**	564	**513**	564
Less: accumulated depreciation	**(226)**	(232)	**(226)**	(232)
Total	**287**	332	**287**	332
Work in progress				
At cost	**2,865**	3,966	**2,865**	3,966
Total	**2,865**	3,966	**2,865**	3,966
Total property, plant and equipment	**45,604**	38,702	**45,604**	38,702

(b) Reconciliation of movements in carrying amounts

	Consolidated								
2009	**Land and Buildings $'000**	**Buses $'000**	**Route Infrastructure $'000**	**Office Equipment $'000**	**Electronic ticketing and communication Equipment $'000**	**Plant and Equipment $'000**	**Auxillairy vehicles $'000**	**Work in Progress $'000**	**Total $'000**
Carrying amount at 1 July	**12,081**	**21,284**	**339**	**262**	**186**	**252**	**332**	**3,966**	**38,702**
Additions	**263**	**8,009**	**84**	**108**	**-**	**31**	**108**	**7,355**	**15,958**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(44)**		**(44)**
Revaluation increments/ (decrements)	**2,593**	**(102)**	**-**	**-**	**-**	**-**	**-**	**-**	**2,491**
Impairment losses	**-**	**20**	**-**	**-**	**-**	**-**	**-**	**-**	**20**
Net transfers	**-**	**351**	**-**	**-**	**-**	**-**	**-**	**(8,456)**	**(8,105)**
Depreciation	**(137)**	**(2,959)**	**(69)**	**(78)**	**(28)**	**(38)**	**(109)**	**-**	**(3,418)**
Carrying amount at 30 June	**14,800**	**26,603**	**354**	**292**	**158**	**245**	**287**	**2,865**	**45,604**

	Consolidated								
2008	Land and Buildings $'000	Buses $'000	Route Infrastructure $'000	Office Equipment $'000	Electronic ticketing and communication Equipment $'000	Plant and Equipment $'000	Auxillairy vehicles $'000	Work in Progress $'000	Total $'000
Carrying amount at 1 July	12,156	23,082	355	318	91	280	233	374	36,889
Additions	57	1,811	51	54	114	9	273	3,592	5,961
Disposals	-	-	-	-	-	-	(47)	-	(47)
Revaluation increments/ (decrements)	-	(352)	-	-	-	-	-	-	(352)
Impairment losses	-	81	-	-	-	-	-	-	81
Net transfers	-	(869)	-	-	-	-	-	-	(869)
Depreciation	(132)	(2,469)	(67)	(110)	(19)	(37)	(127)	-	(2,961)
Carrying amount at 30 June	12,081	21,284	339	262	186	252	332	3,966	38,702

Notes to the Financial Statements

(c) Written down costs	Consolidated 2009 $'000	Consolidated 2008 $'000
Land and buildings	**8,107**	8,283
Buses	**12,673**	7,433

All items of property, plant and equipment are held by the parent company.

An independent valuation of freehold land and buildings was performed as at 30 June 2009 by Mr D Saunders B.Ec.Dip.Val.FAPI Valuer of Saunders & Pitt. This valuation was performed on the basis of 'current market value in the existing use'.

An independent valuation of 'in service' buses was performed as at 30 June 2007 by Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (P&M) of Jones Lang LaSalle. The valuation was performed on the basis of 'market value for existing use'. This approach assumes that the asset could be sold in the market for its existing use.

NOTE 13. INTANGIBLE ASSETS

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
(a) Carrying amounts				
Licences				
At cost	**64**	64	**64**	64
Less: accumulated amortisation	**(64)**	(50)	**(64)**	(50)
Total	**-**	14	**-**	14
Computer software				
At cost	**1,819**	1,767	**1,819**	1,767
Less: accumulated amortisation	**(1,565)**	(1,435)	**(1,565)**	(1,435)
Total	**254**	332	**254**	332
Total intangibles	**254**	346	**254**	346
(b) Reconciliation of movements in carrying amounts				
Carrying amount at 1 July	**346**	367	**346**	367
Additions- other development	**52**	85	**52**	85
Amortisation	**(144)**	(106)	**(144)**	(106)
Carrying amount at 30 June	**254**	346	**254**	346

NOTE 14. TRADE AND OTHER PAYABLES

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Trade creditors and accruals	**2,185**	3,314	**2,185**	3,314
Employee benefits oncosts	**390**	335	**390**	335
Inter-company	**-**	-	**107**	107
	2,575	3,649	**2,682**	3,756

NOTE 15. EMPLOYEE BENEFITS

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current:				
Retirement benefits	**1,097**	4,441	**1,097**	4,441
Compensated benefits:				
Accrued salaries and wages	**580**	427	**580**	427
Annual leave	**1,609**	1,546	**1,609**	1,546
Long service leave	**1,973**	1,957	**1,973**	1,957
Workers compensation	**47**	47	**47**	47
	5,306	8,418	**5,306**	8,418

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current:				
Retirement benefits	**18,017**	13,757	**18,017**	13,757
Compensated benefits:				
Long service leave	**601**	560	**601**	560
	18,618	14,317	**18,618**	14,317
	23,924	22,735	**23,924**	22,735

NOTE 16. CONTRIBUTED EQUITY

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Issued capital- two shares of $1 each				
Contributed equity	**15,503**	15,503	**15,503**	15,503
	15,503	15,503	**15,503**	15,503

NOTE 17. ASSET REVALUATION RESERVE

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Balance at beginning of financial year	**10,069**	10,317	**10,069**	10,317
Revaluation of land and buildings	**2,593**	-	**2,593**	-
Disposal of revalued buses	**(22)**	-	**(22)**	-
Deferred tax asset/(liability)	**16**	104	**16**	104
Write down of buses to recoverable amount	**(69)**	(352)	**(69)**	(352)
Balance at end of financial year	**12,587**	10,069	**12,587**	10,069

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset is transferred to retained profits.

NOTE 18. RETAINED PROFITS/ (LOSSES)

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Balance at beginning of financial year	**3,967**	3,695	**3,860**	3,588
Net profit/(loss)	**(146)**	(259)	**(146)**	(259)
Revaluation increments(decrements) attributable to assets disposed of during the year	**13**	-	**13**	-
Defined benefit plan actuarial gains/(losses)	**83**	759	**83**	759
Related income tax	**25**	(228)	**25**	(228)
Balance at end of financial year	**3,942**	3,967	**3,835**	3,860

NOTE 19. COMMITMENTS FOR EXPENDITURE

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Capital commitments:				
Payments within 1 year	**4,368**	6,757	**4,368**	6,757
Payments 1-5 years	**167**	667	**167**	667
	4,535	7,424	**4,535**	7,424

Notes to the Financial Statements

NOTE 20. RELATED PARTIES

Directors:
The following were the Board of Directors of Metro during the reporting period and unless otherwise indicated were Directors for the entire period:

Sally Denny (Chairperson) (Resigned on 25 April 2009)
Michael Wisby (Acting Chairperson)
Robert Pearce (Resigned on 8 July 2009)
Robert Flanagan
Tracy Matthews (Acting Deputy Chairperson)
Lynn Mason

Remuneration of Directors:

Directors fees of $95,923 (2008 $82,468) and superannuation contributions of $8,114 (2008 $6,829) were paid during the reporting period.

There were no transactions with Directors or Director related entities during either financial years.

Key management personnel compensation:

The aggregate compensation made to key management personnel of Metro is set out in the following table:

	2009 $'000	2008 $'000
Short term employee benefits	**649**	674
Other long term employee benefits	**25**	18
Post-employment benefits	**71**	60
Termination benefits	**-**	-
Equity compensation benefits	**-**	-
	745	752

NOTE 21. REMUNERATION OF AUDITORS

	2009	2008
External audit services	**41**	46

NOTE 22. CASH FLOW STATEMENT

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(a) Reconciliation of net cash flow from operating activities to operating result				
Operating profit before income tax	**(511)**	(300)	**(511)**	(300)
Add/(less) non-cash items:				
Depreciation	**3,418**	2,961	**3,418**	2,961
Amortisation	**146**	106	**146**	106
Loss/ (profit) on sale of non-current assets	**(43)**	(57)	**(43)**	(57)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	**(96)**	(104)	**(96)**	(104)
(Increase)/decrease in inventories	**2**	(70)	**2**	(70)
(Increase)/decrease in other current assets	**(321)**	(132)	**(321)**	(132)
Increase/(decrease) in trade and other payables	**(1,074)**	1,027	**(1,074)**	1,027
Increase/(decrease) in employee benefits	**1,189**	103	**1,189**	103
Changes in equity:				
Amounts recognised in equity relating to the defined benefit plan	**83**	759	**83**	759
Net cash inflow from operating activities	**2,793**	4,293	**2,793**	4,293

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(b) Reconciliation of cash				
Cash at bank and on hand	**2,105**	1,750	**2,105**	1,750
Call deposit at Tascorp	**2,222**	7,250	**2,222**	7,250
Cash as per Statement of Cash Flows	**4,327**	9,000	**4,327**	9,000
(c) Credit and standby facilities				
Credit cards facility limit	**20**	20	**20**	20
Less used/committed	**-**	-	**-**	-
Balance of credit card facility available	**20**	20	**20**	20

NOTE 23. FINANCIAL INSTRUMENTS

(a) Financial risk management policies

Metro's financial instruments consist mainly of deposits with banks, accounts receivable and payable. It is not current Metro policy to utilise derivative instruments as a means of managing exposure to risks.

Metro does not have any derivative instruments in either financial years.

(i) Financial risk exposures and management
The main risks Metro is exposed to through its financial instruments are interest rate risk and credit risk.

Interest rate risk
Exposures to interest rate risk is limited to assets and liabilities bearing variable interest rates.
Metro is not exposed to fluctuations in foreign currencies.

Metro does not have any material interest rate risk and Board approval is required for all investing and borrowing decisions to ensure appropriate interest rates are achieved.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Balance Sheet and Notes to the Financial Statements.

There are no material amounts of collateral held as security in either financial years.

Metro does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into and manages risk with appropriate credit checks, regular review of balances and structured payment options.

The following table analyse financial assets that are past due but not impaired.

Analysis of financial assets that are past due but not impaired:

	0 days past due		1-30 days past due		31-90 days past due		Total	
	2009 %	2008 %	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Financial assets:								
Receivables	**672**	497	**109**	125	**28**	91	**809**	713

(b) Financial instrument composition and maturity analysis

	Weighted average effective interest rate		Floating interest rate		Non interest bearing		Total	
	2009 %	2008 %	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Financial assets:								
Cash at bank	**2.60**	6.50	**2,105**	1,250	**-**	-	**2,105**	1,750
Call deposit at Tascorp	**5.48**	7.39	**2,222**	7,250	**-**	-	**2,222**	7,250
Receivables	**-**	-	**-**	-	**809**	713	**809**	713
			4,327	9,000	**809**	713	**5,136**	9,713

	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing Within 1 year		Fixed interest rate maturing 1 to 5 years		Non interest bearing		Total	
	2009 %	2008 %	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Financial liabilities:												
Trade creditors and accruals	**-**	-	**-**	-	**-**	-	**-**	-	**2,185**	3,314	**2,185**	3,314
	-	-	**-**	-	**-**	-	**-**	-	**2,185**	3,314	**2,185**	3,314

Trade creditors and accruals are expected to be paid as follows:

	2009 $'000	2008 $'000
Less than 6 months	**2,185**	3,314
6 months to 1 year	**-**	-
1 - 5 years	**-**	-
	2,185	3,314

(c) Net fair values

The net fair value equals the carrying value for all financial assets and liabilities held by Metro.

The net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the Notes to the Financial Statements.

	2009 Carrying amount $'000	**2009 Net fair value $'000**	2008 Carrying amount $'000	2008 Net fair value $'000
Financial assets:				
Cash at bank	**2,105**	**2,105**	1,750	1,750
Call deposit at Tascorp	**2,222**	**2,222**	7,250	7,250
Receivables	**809**	**809**	713	713
	5,136	**5,136**	9,713	9,713
Financial liabilities:				
Trade creditors and accruals	**2,185**	**2,185**	3,314	3,314
	2,185	**2,185**	3,314	3,314

(d) Sensitivity analysis

Interest rate risk

Metro has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from change in this risk.

Interest rate sensitivity analysis:

At 30 June 2009, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2009 $'000	2008 $'000
Change in profit		
Increase in interest rate by 2%	**133**	224
Decrease in interest rate by 2%	**(133)**	(224)
Change in equity		
Increase in interest rate by 2%	**133**	224
Decrease in interest rate by 2%	**(133)**	(224)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign exchange risk, as Metro is not exposed to foreign currency fluctuations.

(e) Financial instruments by categories

	2009			
	Total	**Loans and receivables**	**Cash**	**Financial liabilities measured at amortised cost**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Cash at bank	**2,105**	**-**	**2,105**	**-**
Call deposit at Tascorp	**2,222**	**-**	**2,222**	**-**
Receivables	**809**	**809**	**-**	**-**
	5,136	**809**	**4,327**	**-**
Financial liabilities:				
Trade creditors and accruals	**2,185**	**-**	**-**	**2,185**
	2,185	**-**	**-**	**2,185**

	2008			
	Total	Loans and receivables	Cash	Financial liabilities measured at amortised cost
	$'000	$'000	$'000	$'000
Financial assets:				
Cash at bank	1,750	-	1,750	-
Call deposit at Tascorp	7,250	-	7,250	-
Receivables	713	713	-	-
	9,713	713	9,000	-
Financial liabilities:				
Borrowings	-	-	-	-
Trade creditors and accruals	3,314	-	-	3,314
	3,314	-	-	3,314

(f) Capital risk management

Metro manages its capital tightly to ensure funds are available to implement planned capital expenditure strategies. Metro has reviewed its long term capital expenditure program and continues to assess the options available to finance this program.

NOTE 24. CONTINGENT LIABILITIES

After due investigation Metro has identified no contingent liabilities.

NOTE 25. POST BALANCE DATE EVENTS

Metro has not identified any post balance date events requiring adjustments to the Financial Statements.

NOTE 26. CONTROLLED ENTITY

	Country of incorporation	**Equity interest**
Parent entity:		
Metro Tasmania Pty Ltd	Australia	
Controlled entity:		
Metro Coaches (Tas) Pty Ltd	Australia	100%

Notes to the Financial Statements

NOTE 27. SUPERANNUATION AND DEFINED BENEFIT PLAN

General Information

The following provides the information that is required to be disclosed in the notes to the Financial Statements for the year ended 30 June 2009 pursuant to AASB 119. The disclosures are set out in paragraph 120A of the standard. Those parts of paragraph 120A that do not relate to the Plan have not been included.

Note that the changes made to the AASB 119 standard in April 2007 removed the paragraph 121 disclosures. Metro is therefore no longer required to disclose information relating to the funding arrangements or the most recent actuarial valuation of the Fund.

Due to rounding, some figures may not add exactly to the totals.

Accounting Policy

Actuarial gains and losses are recognised immediately through retained earnings in the year which they occur.

Fund Information

Defined benefit members receive lump sum benefits on resignation, and lump sum or pension benefits on retirement, death or invalidity. The defined benefit section of RBF is closed to new members. All new members receive accumulation only benefits.

Reconciliation of the Present Value of the Defined Benefit Obligation

	30 June 2009 $'000	30 June 2008 $'000
Present value of defined benefit obligations at beginning of the year^	**24,053**	24,571
(+) Current service cost^	**707**	646
(+) Interest cost	**1,354**	1,263
(+) Estimated contributions by plan participants	**211**	238
(+) Actuarial (gains)/losses^	**(804)**	(1,473)
(-) Estimated benefits paid	**1,234**	1,126
(-) Estimated taxes, premiums & expenses paid	**56**	66
(+) Transfers in	**-**	-
(-) Contributions to accumulation section	**-**	-
(+) Past service cost	**-**	-
(+) Curtailments	**-**	-
(+) Settlements	**-**	-
(+) Exchange rate changes	**-**	-
Present value of defined benefit obligations at end of the year	**24,230**	24,053

^includes contributions tax provision/change in contributions tax provision

Reconciliation of the Defined Benefit Obligation

The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded.

Reconciliation of the Fair Value of Scheme Assets

	30 June 2009 $'000	30 June 2008 $'000
Fair value of plan assets at beginning of the year	**5,855**	6,340
(+) Expected return on plan assets	**395**	437
(+) Actuarial gains/(losses)	**(722)**	(714)
(+) Estimated employer contributions	**666**	746
(+) Estimated contributions by plan participants	**211**	238
(-) Estimated benefits paid	**1,234**	1,126
(-) Estimated taxes, premiums & expenses paid	**56**	66
(+) Transfers in	**-**	-
(-) Contributions to accumulation section	**-**	-
(+) Settlements	**-**	-
(+) Exchange rate changes	**-**	-
Fair value of plan assets at end of the year	**5,116**	5,855

Notes to the Financial Statements

Reconciliation of the Assets and Liabilities Recognised in the Balance Sheet

	30 June 2009 $'000	30 June 2008 $'000
Defined Benefit Obligation^	**24,230**	24,053
(-) Fair value of plan assets	**5,116**	5,855
Deficit/(surplus)	**19,114**	18,198
(-) Unrecognised past service cost	**-**	-
(-) Unrecognised net (gain)/loss	**-**	-
(+) Adjustment for limitation on net asset	**-**	-
Net superannuation liability/(asset)	**19,114**	18,198
Current net liability	**1,097**	4,441
Non-current net liability	**18,017**	13,757

^2008 figure includes contributions tax provision

Expense Recognised in Income Statement

	30 June 2009 $'000	30 June 2008 $'000
Service cost	**707**	646
Interest cost	**1,354**	1,263
Expected return on assets	**(395)**	(437)
Actuarial loss/(gain)	**-**	-
Past service cost	**-**	-
Movement in limitation on net asset	**-**	-
Effect of curtailments/settlements	**-**	-
Superannuation expense/(income)	**1,665**	1,472

Cumulative Amount Recognised in the Statement of Recognised Income and Expense

	30 June 2009 $'000	30 June 2008 $'000
Cumulative amount of actuarial (gains)/losses at end of prior year	**898**	1,657
Actuarial (gains)/losses recognised during the year end	**(83)**	(759)
Cumulative amount of actuarial (gains)/losses at end of year	**815**	898

Fund Assets

The percentage invested in each asset class at the Balance Sheet date:

	31 March 2009 $'000	30 June 2008 $'000
Australian Equity	**20%**	23%
International Equity	**13%**	18%
Fixed Income	**11%**	13%
Property	**31%**	22%
Alternatives/Other	**19%**	18%
Cash	**6%**	6%

Notes to the Financial Statements

Fair Value of Fund Assets

Assets are not held separately for each authority but are held for the Fund as a whole. The fair value of Fund assets was estimated by allocating the total Fund assets to each authority in proportion to the value of each authority's funded liabilities, calculated using the assumptions outlined in this report.

The fair value of Fund assets includes no amounts relating to:

- any of the authority's own financial instruments
- any property occupied by, or other assets used by, the authority.

Expected Rate of Return on Fund Assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of estimated investment tax and investment fees.

Actual Return on Fund Assets

	30 June 2009 $'000	30 June 2008 $'000
Actual return on plan assets^	**(326)**	(277)

^as separate assets are not held for each authority, the actual return includes any difference in the allocation to each authority.

Principal Actuarial Assumptions at the Balance Sheet Date

	30 June 2009 $'000	30 June 2008 $'000
Discount rate	**5.70% pa**	6.50% pa
Expected rate of return on plan assets	**7.00% pa**	7.00% pa
Expected salary increase rate	**4.50% pa**	4.50% pa
Expected rate of increase compulsory preserved amounts	**4.50% pa**	4.50% pa
Expected pension increase rate	**2.50% pa**	2.50% pa

The discount rate is based on the market yields on the longest dated Government bonds as at 30 June 2009 extrapolated to allow for the fact that the term of the liabilities exceeds the term of the longest Government bond and adjusted to allow for investment tax, based on the expected rate of tax payable by the Fund. The decrement rates used (eg mortality and retirement rates) are based on those used at the last actuarial valuation for the Fund.

Operating Costs

Operating costs for the Fund as a whole have been assumed to be incurred at the rate of 1.5% of salaries. This cost has then been allocated to each authority in proportion to assets.

Temporary Invalidity Expense

The cost of temporary invalidity benefits has been assumed to be 0.38% of salaries of current contributory members.

Historical Information

	30 June 2009 $'000	30 June 2008 $'000	30 June 2007 $'000	30 June 2006 $'000	30 June 2005 $'000
Present value of defined benefit obligation	**24,230**	24,053	24,571	21,968	23,638
Fair value of plan assets	**5,116**	5,855	6,340	5,669	5,321
(Surplus)/deficit in plan	**19,114**	18,198	18,231	16,299	18,317
Experience adjustments (gain)/loss - plan assets	**722**	714	(536)	451	168
Experience adjustments (gain)/loss - plan liabilities	**(140)**	(442)	(162)	158	(328)

The experience adjustment for Fund liabilities represents the actuarial loss (gain) due to a change in the liabilities arising from the Fund's experience (eg membership movements, salary increases and indexation rates) and excludes the effect of the changes in assumptions (eg movements in the bond rate).

Expected Contributions

	30 June 2010 $'000
Expected employer contributions	1,097

Recognition of Staff Achievements

During the year, Metro employees undertook the following training courses:

- Word
- Excel
- Chairing productive meetings
- Investigating anti-discrimination complaints
- Anti-discrimination for Managers
- Men at work – wellbeing and health
- Fraud identification training - Managers

Under the Study Assistance Policy, employees completed or are in the process of completing the following:

- Master in Applied Taxation
- Master of Business Administration
- Graduate Diploma in Applied Corporate Governance
- Certificate III in Accounting
- Certificate IV in Transport and Distribution (Frontline Management)
- Certificate III in Business Administration
- Certificate IV in Training and Assessment (TAFE)
- Certificate IV in Business Administration
- Diploma of Transport and Distribution

Bus Operator Training

During the year ended 30 June 2009 a number of Metro employees successfully completed Certificate III in Transport and Distribution. From this level, identified employees will be selected for progression into Certificate IV in Transport and Distribution. Congratulations are extended to all who have completed this level of qualification.

Philip Arlotte
Neville Austin
Anne Blasko
Ronald Cock
Michael Cook
James Dare
Mark Dowe
Robert Duczynski
Robyn Dyke
David Edwards
Mark Eiszele
Paul Free
Guy Freeman
Michael Friend
Steven Godfrey
Trevor Goodwin
Paul Gopurenko
Leone Griffin
David Hallsworth
Sonia Hickman
Kevin Johnston
Terina Knight
Ian Leighton
Leonard MacDonald
Gregory McLaughlin
Paul McManus
Vicki McPherson
Gary Michaels
Robert Nichols
Matthew Oakford
Cathy O'Donnell
Rodney O'May
David Prestage)
Robyn Quinn
David Snook
Timothy Stewart
Mark Telha
Bronwen Truscott
Gary Whitbread
Malcolm Willie
Siamack Yousofi

Metro manages an ongoing training program and enrolled 40 recruits for training and preparation as an on-road bus operator during the year. All new employees commenced Certificate III in Transport and Distribution during the year.

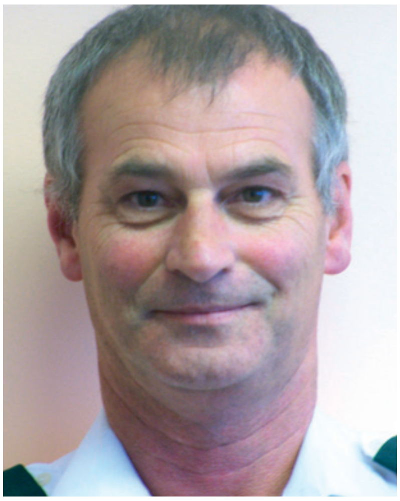
Other bus operator training includes:

- Annual on road assessment
- First aid training
- CCTV training (new on road video system)
- Green*card* ticketing system introduction.

Recognition of Staff Achievements

Metro operates a "compliment of the month" scheme to recognise employees that deliver exceptional customer service. "Compliment of the month" recipients are selected from public commendations asking for that employee to be thanked or recognised for some act of exceptional service delivery in the eyes of that member of the public. In some months no award is issued if there is no suitable nominations from the public. In listing recipients of the "compliment of the month" award Metro wishes to acknowledge that many of its staff exhibit very high levels of customer service as part of their normal working days, but a member of the community may not take the trouble to approach Metro to nominate them for exceptional service.

The following Metro employees received "compliment of the month" awards in 2008/09:



Daryl Harper

Roger Billing

Shane Denny

Derek Buck

"Metro continues to develop an engaged workforce that is skilled, flexible, motivated and safe."